Minutes from the
Idaho 25 x '25 Board of Director's meeting
June 4, 2008
Idaho Department of Agriculture
2270 Old Penitentiary Road, Boise, Idaho 83712

Dr. Steven E. Aumeier, Executive Chairman of the Idaho 25 x '25 Initiative Board of Directors, called the first Board meeting to order at 8:30 a.m. at the Department of Agricultural Building. He asked all board members and task force chairs to identify themselves and the various agencies, utilities and organizations they represented.

Board members attending:

- Steve Aumeier, Director for Energy Systems and Technologies, INL
- Paul Kjellander, Administrator, Office of Energy Resources
- Krista McIntyre, Partner, Stoel Rives
- Russ Hendricks, Regional Manager, Idaho Farm Bureau
- Don Sturtevant, Corporate Energy Manager, J.R. Simplot Co.
- Jim Kempton, Commissioner, Idaho Public Utilities Commission
- Mike Louis, Assistant Director, Center for Advanced Energy Studies
- Eldon Book, EVP and COO, Intermountain Gas
- Jim Miller, Senior Vice President of Power Supply, Idaho Power
- Larry La Bolle, Director of Federal and Regional affairs, Avista
- Carol Hunter, Vice President of Communications & Economic Development, Rocky Mountain Power

Task force representatives attending:

- Forestry: Jay O'Laughlin, University of Idaho
- Hydropower: John Crockett, OER, representing David Hawk, Senior Partner, E2A Energy Analysis
- Carbon Issues: Tony Bennett, Soil Conservation Commission
- Conservation and Energy Efficiency: Ken Baker, K Energy
- Economic/Financial Development: John Eustermann, Stoel Rives
- Wind: Clint Kalich, Manager of Resource Planning & Power Supply, Avista
- Biofuels: Dr. Chuck Peterson, Dean Emeritus, University of Idaho
- Biogas: Dr. Melinda Hamilton, Director of Life & Earth Sciences, INL

Paul Kjellander advised the group that the 25x'25 Initiative has the full backing of the Governor's office and the Office of Energy Resources.

Dr. Aumeier noted that the basic purpose of the Board is to develop strategies, approaches, enabling mechanisms, and validated options to consider for development of policy, incentives, and energy, and that it is an ongoing, living activity. Our teams will look at energy markets and developing energy resources. Board

meetings will be at least quarterly, but more frequently at first. Lisa La Bolle, OER, and Dr. Ralph Bennett, INL, will coordinate the task force member's work with that of the Board.

Dr. Aumeier discussed conflict of interest, stating he expects active participation and validated data, not company lines. He encouraged anyone who felt a possible conflict of interest issue to communicate that with the group.

The attendees discussed the charter. It had been suggested that the name of the organization be changed from the Idaho 25x'25 Renewable Energy Council, as established by Governor Otter's executive order number 2007-2 to a name which reflects the options for advanced energy production and development, energy efficiency, and all energy interests in Idaho. This name change has the support of the Governor. Several possible names were suggested. The Governor is reviewing these names and will make the final selection. We will notify the Board and Chairs immediately when the selection has been made.

The Task Force chairs presented their initial findings to the Board:

- ***Energy Efficiency***:
    1. Current Status: Buildings, Transportation, and Energy are the biggest users nationally and in Idaho. Currently we have a state energy plan, state building efficiency legislation has been approved, and energy codes were adopted on a 3-yr cycle (codes are one of the most cost effective means of getting efficiency.)
    2. Ongoing Activities: Utilities are working on DSM programs – the best ever - including Better Bricks education & training and the U of I design lab in Boise for commercial builders. The CAES/INL NWPPC Fifth Regional Power Plan is active and a 6th is underway. Both Idaho Conservation League and Snake River Alliance have taken on energy efficiency on as a focus.
    3. Opportunities: Update Idaho Efficiency tax credit law to include commercial building incentives, develop industry incentive programs for the private market (utility/state partnerships and market-based approaches), create incentives within cities & counties, provide education, create legislation for increasing K-12 efficiency, adopt 2009 energy code, expand utility DSM programs (including price signals, design standards, etc.)
    4. Barriers/Challenges: Current economic conditions, housing costs, material supply, transportation costs. Need for better public transportation for housing & business development. Regulations can be barriers, and so are perceived costs of efficiency (identifying a need for education.) Also a challenge in balancing government standards with free market incentives.

- ***Wind***:
    - Current Status: Idaho has enough wind to meet the full 25% of an RPS; Idaho is 13th in wind potential in the US but #20 in installed capacity. Less than 1% of retail loads are served by wind (close to national average.) NREL estimates that 1000 MW of wind would bring in $300 million in direct construction economic benefits to Idaho in addition to benefits from long-term salaries, taxes, etc. Noted that 26 states have an RPS, which encourages wind development.
    - Barriers/Challenges: Consistent government policy is critical. Only one of the big wind developers is operating in Idaho. Huge challenges to bring interest to Idaho for wind. Other big issues include integration costs, interconnection issues/transmission, and PURPA. Tax benefits are much better in Oregon – what can be learned from this?

- ***Carbon Issues***:
    - Current Status: Currently the focus has been on sequestration. In the past farmers were promised the moon for sequestration and nothing came of it, so farmers are skeptical. Currently have 127,000 acres involved in a pilot program trading with the National Carbon Offset Coalition. Idaho does not have a "designated cropping region" in order to participate in Chicago Climate Exchange. Idaho has some involvement in forestry trading. Basically limited at this time. Upcoming workshop August 6-7 in Boise. Looking at costs associated with carbon management. What are the numbers associated with our current sequestration efforts?
    - Barriers/Challenges: Current barriers include rangeland rehabitation, croplands and dairies, environmental concerns, competing economic value for resources, market demand. See a need for federal legislation to stimulate the carbon market.

- ***Biogas***:
    - Current Status: May change the TF name from biogas to anaerobic digestion (AD). AD is a microbial process. The low-hanging fruit in Idaho is dairy waste, but it is not widely used. Many different technologies on the market. Three most common are: complete mix (large tanks to mix & heat manure for large operations – cost is high), plug flow type (troughs – often underground – where waste is pumped through (used where manure is scraped for removal), and covered lagoons (used with water flush manure systems -subject to seasonal variations, may take 1-2 years to reach steady state, but simpler and cheaper).
    - Opportunities: Opportunities include lots of available dairy waste (Idaho has over 694 dairies and 618,000 cows.) The number of

dairies is going down while size of the dairies is going up. Opportunities for centralized systems, feedlots, food and municipal waste processing.
    - Challenges: Challenges are related to markets, cost, cleaning, education, need for research. ADs are very expensive; it can cost a million dollars for a facility for a small dairy. Another barrier is an operational failure rate of about 50%, often due to sand and silt mixing in, which shuts down the digester. Over 70% failure rate for complete mix digesters. Task Force needs to explore answers to this. Education is the key to getting dairies to be interested and to overcoming public perception.

- ***Forestry***:
    - Background: Idaho is 42% forest, only about 9% cannot be used; the rest is timberlands and can be used, most of which is National Forest. Idaho has about a $2 billion forestry industry. Current efforts are underway in Adams County and Southwest Idaho Partnership, Silver Valley, Clearwater/Palouse Basin, Shoshone County, Lemhi County.
    - Benefits: Using the forest for biomass addresses restoring forest conditions and health, provides fire resiliency and habitat, creates alternative energy sources, and revitalizes rural economies. Implementation of fuel reduction techniques will generate significant biomass, up to 90 MW of electricity in the 8-9¢/kWh range.
    - Challenges: The major barrier is supply, also high harvesting and transportation costs.
    - Options: bring the USDA CROP project to Idaho. Could the Governor's Office coordinate with the Forest Service to bring this in? Need to build collaboration with all stakeholders.

- ***Hydropower***:
    - Background: In the 80's and early 90's about 80 PURPA projects were installed in Idaho. We currently have about 3,000 MW of hydro in Idaho. This Task Force will be looking at the INL report of hydro potential in Idaho (1655 MW) and for policy direction. TF will also be looking at relicensing and working with the Water Board, who are looking at new storage projects in Idaho.
    - Barriers: FERC regulations, the need for state agencies to work together better, consistent power sales agreements and interconnection requirements.
    - It was asked if this TF could work more closely with irrigators to develop projects and convert their current processes to create generation.

- ***Biofuels:***
  - Background:. Ethanol production is booming (3 billion gallons a year nationwide.) Idaho sells about 3.4 million gallons from about 60 stations. We need to encourage retail fuel dealers to put in ethanol facilities. We have two plants in Idaho – the one in Caldwell produces 15 million gallons per year, and one in Burley that produces 60 million gallons per year (it is close to dairies for distillers grain sales.) There is some interest in using waste grease (1.1 gallons of waste grease per person per year is about average.) Nationwide 80% of the biofuels produced are exported to Europe.
  - Barriers: Issues include feedstock and lack of market. Marketing needs to be done to support Idaho biodiesel efforts. Much of the corn/product for Idaho's two biofuel plants is being imported, not from Idaho farms. We also export our seed to crushing facilities outside Idaho.
  - This Task Force will deal primarily with ethanol and biodiesel

- ***Economic/Financial:***
  - Need program incentives policy in Idaho to encourage all new resources. TF members were surveyed on development potential in Idaho and the results were not glowing. The biggest problem is no incentives, next is lack of easily accessible information. This TF will research and determine what is working at other states. Need to educate and provide tools for Chambers of Commerce, for example. Also need a marketing effort for Idaho to get developers interested.

Paul reported that the Western Governors Association met recently in Salt Lake City and is working to create renewable energy enterprise zones to help spur development. It is a process, he said, of connecting dots: identifying barriers and potential and yet minimizing risks. Potential Renewable Energy Enterprise Zones for Idaho are a possibility and will be vetted through this group. Regarding legislation, we have access to channels of communication that will allow us to pursue legislation, but will encourage collaboration without the need for legislation. Paul also noted that this Board and associated Task Forces will lead to development of the renewable energy plan for the Governor.

Steve asked that the Task Force Chairs bring a prioritized list to the Board at the next meeting. What is the deliverable? Identify low-hanging fruit, gaps/barriers, plans. It was mentioned that lengthy reports are fine for providing background information, but must have an executive summary and must be based on credible data. Need the path forward, but one step at a time. It was also decided that the Board, from this point forward, will focus on 1 or 2 Task Force presentations per meeting, depending upon what Task Forces need direction or approval.